



PRODUCTION

18 September 1951

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT : Petroleum and aircraft intelligence

I. Petroleum

1. Substantive issues. There is substantial agreement that the total crude petroleum production of the USSR in 1950 was in the neighborhood of 37,500,000 tons or about one-tenth US production. We have estimated that the Soviets have facilities available for refining somewhat in excess of 2,000,000 tons of aviation gasoline. Comparing this with requirements for aviation gasoline supplies by A-2 of slightly under 2,000,000 for the campaigns envisioned in ABCI-15 we have concluded that the Soviets have sufficient aviation gasoline for such campaigns. This conclusion has been attacked (a) on the ground that the supply estimate is too high and (b) on the ground that the requirements estimate is too low. We have considerable confidence in the supply estimate, but have made no independent attempt to evaluate A-2's requirements figures, which we suspect may be a bit low. We also believe the Soviets have accumulated substantial stocks of avgas on which they could draw for short peak loads. We have been unable to make quantitative estimates of these stocks, but hope to be able to do so in the near future.

It is our view that the only potentially serious bottleneck is aviation gasoline, that this bottleneck, if it exists, will become less serious as the Soviets convert their Air Force increasingly to jet aircraft which burn a fuel whose production from crude petroleum poses no problems. In other words, the only limitation on jet fuels is the total crude petroleum supply of the USSR. Our conclusion that their position will ease as time goes on is rejected in some quarters for one of two reasons. (a) It is alleged that the requirements, which again we have received from the Air Force, are very much too low and (b) it is alleged that the conversion to the use of jets will not proceed as rapidly as we have assumed. Again we have evidence that the conversion is taking place rapidly but we would not wish to make an independent judgment on requirements at this time.

In any comparison of US and Soviet shortages it should be kept in mind that over nine-tenths of our petroleum supplies go into motor fuels and fuel oil for industrial and heating purposes, uses which in the USSR are infinitesimal by comparison.

2. Organization. CIA and A-2 are the only organizations doing serious work on the Soviet petroleum position. We have about 6 analysts working on this at the moment and plan an expansion to about 18. In addition we have

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established a petroleum subcommittee of the Economic Intelligence Committee consisting of representatives of the intelligence agencies to work on the Soviet orbit petroleum problem. This group is now launching a review of the Soviet petroleum situation. In addition we have appointed a panel of consultants familiar with the technical aspects of the industry to advise both CIA and the petroleum subcommittee and to pass critical judgment on our estimates. A list of the panel members is attached. Finally, we are also appointing a petroleum advisory panel to advise us on problems of petroleum supplies available to the allied nations consisting of representatives of the Munitions Board, P.A.B., State Department, E.C.A. and others.

II. Aircraft

1. Substantive issues. We have as yet made no independent estimates of Soviet aircraft production. The only estimates available are those officially made for A-2. These have been arrived at largely by estimating productive capacity from the known floor space of plants producing aircraft. The estimates have been challenged as being too high in some quarters. We are currently launching a series of studies based on other methods to check these estimates.

2. Organization. A-2 and CIA are the only organizations following aircraft in detail. We are now working cooperatively with A-2. We are just appointing a panel of consultants from the industry to assist us in improving our estimates production.

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